

**Model Participant Explanation
Relative Value of Benefit Payment Options
for Automobile Mechanics Local No. 701 Union and Industry Pension Plan**

IRS regulations require plans such as ours to give retiring participants a comparison of the relative values of the benefit payment options generally available under the plan. The aim is to help you make an informed choice about the form in which you receive your retirement benefits. "Relative value" means the actuarial present value of each optional form of payment relative to the value of the Qualified Joint and Survivor Annuity (QJSA) (the 50% Spouse Option) or, for single participants, the plan's normal form of annuity payment (the Sixty-Month Guarantee Option).

In our case, all of the benefit payment options that the Automobile Mechanics Local No. 701 Union and Industry Pension Plan makes generally available to its retiring participants have approximately the same actuarial value, for a participant who is retiring at age 55, 60 or 65. This conclusion is based on the valuation and reporting methodologies described in the IRS regulation, which can be found at Treas. Reg. Section 1.417(a)(3)-1. Upon your written request, we will give you a similar comparison based on your own age and estimated benefits.

As noted, the relative values are based on comparing the actuarial values of the benefit payment options to the actuarial value of the QJSA pension (or the normal form for single participant). Actuarial values of pension benefits are determined using mortality and interest assumptions. Mortality assumptions are based on standardized tables developed by actuarial organizations and life insurance companies, which analyze information about large groups of people to project the rates at which groups of individuals at different ages are expected to die. These statistical mortality projections are used to develop "average life expectancies". The interest assumption is an estimate of the likely investment earnings, over time, on the money put aside to pay the benefits. This is relevant in the determination of actuarial value because investment earnings will provide some of the funds to pay the benefits.

Here the values were calculated, for comparison purposes, assuming the funds would earn 6% interest and that, on average, participants would live as long as predicted under the 1971 Group Annuity mortality table. However, for comparing the Lump Sum option to the other forms, the interest assumption was 5.12% and the mortality table was the 1994 Group Annuity Reserving table, as required by the IRS regulation. We have assumed that a married participant is the same age as his/her spouse.

It is important that you realize that this is not a guarantee or even a prediction of what you will actually receive after you retire. You should not rely upon it as if it were. The actual value of a stream of annuity payments for any individual, and its comparison to the values of different payment forms, will vary depending on how long the individual and spouse in fact live and on their ages when payments start. This is not the only information you should take into account when choosing your payment form for retirement. Other factors you might want to take into account in deciding how much a particular payment option is worth to you personally, in comparison to the other forms in which your pension can be paid, include your health, your other sources of retirement income, the resources available to your spouse or family after you die, availability of life insurance, etc. You may want to consult a financial advisor when you make this important decision.